

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NOTICE OF APPLICATION AND PRE-HEARING CONFERENCE

FACILITY ASSOCIATION APPLICATION FOR PRIVATE PASSENGER AND COMMERCIAL AUTOMOBILE INSURANCE RATES

On March 20, 2007 the Newfoundland and Labrador Board of Commissioners of Public Utilities (the "Board") received an application from the Facility Association ("Facility") seeking, among other things, to vary the rates charged to private passenger and selected commercial and miscellaneous automobile insurance policy holders insured through Facility. Facility is the unincorporated non-profit association of insurers required by law to provide automobile insurance to those drivers who are otherwise unable to obtain insurance.

Anyone currently insured through Facility may be affected by the proposed changes in rates and rules as outlined below. In the application Facility has requested an Order of the Board pursuant to Section 102 of the *Insurance Companies Act*:

- i) **Approving average increases in Facility automobile insurance rates as summarized below:**

Province of Newfoundland & Labrador Private Passenger Vehicles Proposed Changes in Average Rate Level							
CATEGORY	Proposed Rate Changes						
	Liability	Accident Benefits	Uninsured Auto	Collision	Comprehensive	Specified Perils	Combined
Private Passenger	+8.8%	+12.0%	+9.3%	+12.0%	-10.3%	-15.0%	+8.4%
Interurban Trucks	+3.9%	+3.2%	+5.8%	+0.3%	+2.8%	+2.3%	+2.8
Taxis, Jitneys and Liveries	+50.0%	+100.0%	+100.0%				
Ambulances	+5.8%		+5.8%				
Public Buses	+4.6%	+1.5%	+8.1%				
School Buses	+15.0%	+0.9%	+13.7%				

Special Provisions: Various caps are placed on the changes

ii) **Approving other significant changes affecting rates or coverage availability including:**

1. Incorporating in rates a cost of capital provision based on the following assumptions:
 - Industry After Tax Return on Equity 12%
 - Industry Premium to Surplus Ratio 2:1
 - Income Tax Rate 36.1%
 - Before Tax Return on Investment 3.8%
2. Elimination of the 20% Clean Driving Discount.
3. Elimination of the Multi Vehicle discount of 10% provided for in Rule 111.
4. Elimination of the Special Rating Consideration for farmers.
5. Elimination of the Accident Forgiveness provided for in Rule 107C.
6. A new limit for physical damage coverage on buses of \$750,000.00

HOW TO SEE THE APPLICATION

Copies of the application are available for public viewing at the offices of the Board between the hours of 8:30 a.m.- 12:30 p.m. and 1:30 p.m. - 4:00 p.m. or upon request from the Board Secretary at (709) 726-8600 or on the Board's website at www.pub.nl.ca.

PRE-HEARING CONFERENCE

The Board will convene a pre-hearing conference at **10:00 a.m. on Wednesday, April 18, 2007** in the Board's hearing room, Prince Charles Building, 120 Torbay Road, St. John's to identify registered intervenors and to set the schedule and procedures for the consideration of the application.

HOW TO PARTICIPATE IN THE APPLICATION

The application will be heard in accordance with the procedures established by the Board as provided in its governing legislation. An interested person or organization can participate in the application either by becoming a registered intervenor in the proceeding or by submitting a letter of comment to the Board.

1. Registered Intervenors

Interested person(s) wishing to be made a party to the hearing and become a registered intervenor must apply to the Board by way of an intervenor's submission. Intervenor submissions shall:

- a) be signed or executed by the intervenor or representative of the intervenor;
- b) contain a concise statement of :

- i) the intervenor's interest in the matter;
 - ii) the disposition of the proceedings which the intervenor advocates, if any;
 - iii) the facts the intervenor proposes to show in evidence;
 - iv) the reasons why the intervenor believes the Board should decide in the manner advocated;
 - v) the qualification of expert witnesses, if any, whose opinions are to be relied upon; and
 - vi) a list of the information and support documents that may be useful in explaining the intervenor's representation; and
- c) be endorsed with the name, address, telephone, fax number and e-mail address of the intervenor or the intervenor's representative to whom communications may be sent.

Copies of all intervenor submissions and supporting documents must be filed with the Board and provided to other identified participants by 3:00 p.m., Monday, April 16, 2007.

2. Letter of Comment/Oral Presentation

Any interested person or organization who does not wish to formally intervene in the proceeding may file a letter of comment for the consideration of the Board. All letters of comment clearly state the person's interest in the proceeding, and the person's views regarding the proceeding, together with any relevant information that may be useful in explaining or supporting those views. Interested persons who wish to make an oral presentation to the Board shall indicate that intention in writing as well. **Letters of comment or a request to make an oral presentation must be received by the Board no later than 4:00 p.m., Monday, April 16, 2007** and must contain the name, address, telephone, fax number and e-mail address if available to whom communications may be sent. **Take notice that all letters of comment will be placed on the public record.**

HOW TO CONTACT THE BOARD

All correspondence and requests for further information should be submitted to the Board Secretary at the address set out below. The Board encourages the electronic filing of documents and the Board's Information Technology Officer, Mr. Mike McNiven, is available to support this type of filing at 709-726-1158, toll free 1-866-782-0006, or by e-mail at ito@pub.nl.ca

Copies of the Board's legislation and regulations are available for viewing on the Board's website at www.pub.nl.ca or at the Board's office.

Board Contact Information:

Office: Suite E210, Prince Charles Building, 120 Torbay Road, St. John's

Mail: P.O. Box 21040, St. John's, NL, A1A 5B2

Telephone: 709-726-8600 or 1-866-782-0006 (toll free)

Facsimile: 709-726-9604

E-mail: ito@pub.nl.ca

Dated at St. John's, Newfoundland, this 29th day of March 2007.

Cheryl Blundon
Board Secretary